

2020 Regular Session

SENATE BILL NO. 175

BY SENATOR BERNARD

INSURERS. Provides for statutory insurer deposits. (7/1/20)

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AN ACT

To amend and reenact R.S. 22:801 and 802 and to repeal R.S. 22:145, 171, 254(A), (B), (D), (E), and (F), 257(A)(9), 332(A)(13), 333(B) and (C), 341(C), 804, 807, and 808, relative to statutory deposits; to provide for authority to receive and hold insurer deposits; to provide for the terms and conditions of making and maintaining deposits; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:801 and 802 are hereby amended and reenacted to read as follows:

~~§801. General deposit; foreign and alien insurer~~ **Commissioner authorized to hold deposits**

~~All foreign or alien insurers doing business in this state shall, subject to the exceptions contained in R.S. 22:804, deposit with the commissioner of insurance a safekeeping or trust receipt from a bank doing business within the state or from a savings and loan association chartered to do business in this state indicating that one hundred thousand dollars in money or in approved bonds of the United States, the state of Louisiana, or any political subdivision thereof, of the market value of not~~

1 less than one hundred thousand dollars has been made. Such approval shall be made
2 by the commissioner of insurance: A. If a deposit in this state is required by
3 another state or jurisdiction as a condition of seeking or maintaining a license
4 or certificate of authority or surplus lines approval in that state or jurisdiction,
5 an insurer authorized in Louisiana may make the deposit.

6 (1) The insurer shall notify the commissioner in writing of the intent to
7 make the deposit. That notice shall include the reason for the deposit and the
8 amount of the deposit to be held and shall specifically identify each jurisdiction
9 for which the deposit is required.

10 (2) The deposit shall be made in a bank doing business in this state or a
11 savings and loan association chartered to do business in this state and shall be
12 pledged to the commissioner in compliance with this Subsection.

13 (3) Deposits made pursuant to this Subsection shall be held in trust for
14 the benefit and protection of and as security for all policyholders and creditors
15 of the insurer making the deposit.

16 B. The commissioner may, as a condition of the issuance or maintenance
17 of a certificate of authority in this state, order an insurer to make and maintain
18 a deposit based upon the type, volume, or nature of insurance business
19 transacted. Deposits made pursuant to this Subsection shall be held pursuant
20 to the requirements and conditions ordered by the commissioner.

21 C. Deposits made pursuant to this Section shall be in the form of money
22 or in approved bonds of the United States, the state of Louisiana or any political
23 subdivision thereof with a market value of not less than the required amount as
24 specified by the insurer or required by the commissioner.

25 D. Every insurer making a deposit in compliance with this Section shall,
26 no later than the first of March each year, provide to the commissioner a
27 safekeeping or trust receipt from the bank or savings and loan association
28 holding the deposit confirming the amount of the deposit, identifying the nature
29 of the deposit, and confirming the fact that the deposit is pledged to the

1 commissioner.

2 §802. ~~Condition~~ Release of deposits

3 ~~The deposit required by R.S. 22:801 shall be conditioned only for, and~~
4 ~~dedicated exclusively to, the prompt payment of all claims arising and accruing to~~
5 ~~any person by virtue of any policy issued by any such insurer upon the life or person~~
6 ~~of any citizen of the state of Louisiana, or upon any property or other risk situated~~
7 ~~in this state. Under no circumstances shall such deposit be used for the payment of~~
8 ~~any fee whatsoever to any attorney, agent, or other person appointed for any services~~
9 ~~rendered in connection with any ancillary conservation, ancillary receivership, or any~~
10 ~~other supervisory proceeding or mode involving the company making such deposit.~~

11 A. When an insurer desires to withdraw any deposit or portion thereof
12 made in this state pursuant to R.S. 22:801, the insurer shall make a written
13 request to the commissioner for release of the funds.

14 B. For deposits held pursuant to R.S. 22:801(A), the commissioner shall
15 give notice of the withdrawal request to the insurance commissioner or other
16 proper supervisory official of every state for which the deposit was required.

17 C. For deposits held pursuant to R.S. 22:801(A), the commissioner shall,
18 no less than thirty days after the notice to other states, authorize the bank or
19 savings and loan holding the deposit to release the deposit unless he receives
20 objection of the release from the insurance commissioner or other proper
21 supervisory official of a state for which the deposit was required.

22 D. For deposits held pursuant to R.S. 22:801(B), the commissioner shall
23 not release the deposit unless he finds that the grounds or conditions which led
24 to the order requiring the deposit no longer exist.

25 E. If an insurer is placed into rehabilitation or liquidation in this or
26 another state, any deposit made in this state may be surrendered to the receiver
27 pursuant to an order of the receivership court.

28 Section 2. R.S. 22:145, 171, 254(A), (B), (D), (E), and (F), 257(A)(9), 332(A)(13),
29 333(B) and (C), 341(C), 804, 807, and 808 are hereby repealed.

1 Section 3. This Act shall become effective on July 1, 2020; if vetoed by the governor
2 and subsequently approved by the legislature, this Act shall become effective on July 1,
3 2020, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by LG Sullivan.

DIGEST

SB 175 Original

2020 Regular Session

Bernard

Present law requires all foreign or alien insurers doing business in this state to deposit \$100,000 in a state financial institution and to provide the commissioner of insurance with a receipt therefor.

Proposed law deletes present law and authorizes the commissioner to accept a deposit if another state or jurisdiction requires an insurer to make a deposit in La. as a condition of a license to do business in that other state. Authorizes the commissioner to order an insurer to make and maintain a deposit based upon the type, volume or nature of insurance business transacted.

Present law specifies that the deposit required by present law shall be used exclusively for the payment of claims arising and accruing to any person in Louisiana under a policy issued by the insurer.

Proposed law deletes present law.

Proposed law requires an insurer who has made a deposit under proposed law to make a written request to the commissioner if the insurer wants to withdraw all or a portion of the deposit. Provides that if an insurer is placed into rehabilitation or liquidation in this or another state, any deposit made in this state may be surrendered to the receiver pursuant to an order of the receivership court.

Proposed law repeals provisions of present law that relate to the provisions of present law deleted or made obsolete by proposed law.

Effective July 1, 2020.

(Amends R.S. 22:801 and 802; repeals R.S. 22:145, 171, 254(A), (B), (D), (E), and (F), 257(A)(9), 332(A)(13), 333(B) and (C), 341(C), 804, 807, and 808)